



June 11, 2013

The Michigan Insurance Coalition (MIC) Urges Opposition to House Bill 4723

Mr. Chairman and Members of the Committee,

The ***Michigan Insurance Coalition (MIC)*** is a Lansing-based state property-casualty trade association. MIC's members are insurers who annually serve customers who purchase more than \$4 billion worth of insurance coverage in Michigan alone. Some of MIC's largest members, Auto-Owners, Citizens and Amerisure have their national headquarters located right in Michigan. MIC's members proudly employ thousands of Michigan residents directly and contract with thousands of individual agents to help serve their customers.

MIC, strongly urges you to ***oppose House Bill 4723*** which would greatly expand the eligibility for the State's Basic Driver Improvement Classes. HB 4723 eliminates an insurance carrier's ability to accurately rate the risk of an individual driver and ultimately will lead to higher costs for safer Michigan Drivers who will be forced to once again subsidize riskier ones.

One of the most important data in determining individual driver risk is a persons driving record. ***House bill 4723*** dramatically impacts an insurance carrier's ability to accurately rate risk by preventing carriers from knowing if an individual has had a moving violation. This results in good drivers paying more.

Currently, under Michigan law a person may enroll in a Basic Driver Improvement Class and upon successful completion is rewarded by having 2 points expunged from their driving record, forcing other drivers to pay more under the assumption that his driving behavior is improved without any proof other than a paper certificate from a driving school to the contrary. Fortunately, for law-abiding Michigan drivers, this is only a one-time exception.

Three years ago when approached by Senator John Pappageorge, MIC and other members of the insurance industry agreed to a compromise that would allow drivers the one-time "*get out of jail free card*" that exists today in Michigan law. This compromise was reached in the absence of any credible data suggesting an improvement in driver behavior as a result of the class. With that in mind, the law calls for a study to be completed at the end of a 5-year period. And, here we are today, just 3 years from the date of this compromise with the proponents admitting that these classes are ineffective by asking this body to approve legislation-allowing drivers to enroll more frequently.

MIC would argue that if an individual is in need of a driver improvement class every three years that; 1) The course isn't as effective as thought and perhaps this legislature should look at a repeal of the one-time exception; or 2) The individual is gaming the system to hide reckless driving habits; or 3) This

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bill is to help a cottage industry designed to allow risky drivers to buy their way out of a habitual bad driving record gain market share.

MIC is strongly opposed to legislation that punishes law-abiding, safe drivers who follow the rules because of the behavior of handful of bad apples. Safe drivers are already shouldering the burden of the reckless. In the game of picking winners and losers, we ask you to pick Safe Drivers over the Reckless by saying 'NO' to House Bill 4723.

Sincerely,

Bill Jackson
Chief Administration Officer
Michigan Insurance Coalition